

Anomaly Calculation

- Small employer example
 - Benefit Charges \$822 Paid in \$4,742.36
 - Taxable Wages \$8,354.51

$$822/8354.51 = 0.098390 \rightarrow \text{Rate Class 20}$$

Small taxable wages mean even one benefit charge has a large detrimental impact on their benefit ratio.

Anomaly Calculation

- Larger employer example
 - Benefit Charges \$6,612 Paid in \$9,313.22
 - Taxable Wages \$78,412.17

$$6612/78412.17 = 0.084324 \rightarrow \text{Rate Class 20}$$

Had large decline in taxable wages because they sold portion of their experience.

State Regional Cost Comparison

State	New Employer Rate	Lowest Tax Cost	Highest Tax Cost
Georgia	\$229.50	\$2.55	\$527.85
North Carolina	\$236.40	\$0.00	\$1,347.48
South Carolina	\$286.60**	\$10.30	\$1,127.90

North Carolina outstanding loans = \$2,568,106,610

Georgia outstanding loans = \$634,500,000

They have not yet addressed how these loans will be repaid.

**SCDEW has proposed lowering new employer tax class to 12 from 13 which keeps new employer cost in line with neighboring states; cost at class 13 is \$543.30

Movement Between Classes

- Firm X is in rate class 1, employs 5 workers in 2011, and lays 1 off (-20%). Assume benefit charges of \$2,500 and taxable wages of \$150,000 over past 7 years.
- 2012 benefit ratio = $2,500/150,000 = 0.01666$
- Moves them to approximately rate class 12 next year.

Movement Between Classes

- Firm Y is in rate class 1, employs 50 workers in 2011, and lays 3 off (-6%). Assume benefit charges of \$7,500 and taxable wages of \$850,000 over past 7 years.
- 2012 benefit ratio = $7,500/850,000 = 0.0088$
- Moves them to approximately rate class 8 next year.

Movement Between Classes

- Firm Z is in rate class 1, employs 500 workers in 2011, and lays 50 off (-10%). Assume benefit charges of \$125,000 and taxable wages of \$7,300,000 over past 7 years.
- 2012 benefit ratio = $125,000 / 7,300,000 = 0.01712$
- Moves them to approximately rate class 12 next year.